No. 15-375

Supreme Court, U.S.
FILED
MAR 30 2016
OFFICE OF THE CLERK

IN THE

Supreme Court of the United States

SUPAP KIRTSAENG D/B/A BLUECHRISTINE99,

Petitioner,

v.

JOHN WILEY & SONS, INC.,

Respondent.

ON WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

BRIEF OF THE COPYRIGHT ALLIANCE AS *AMICUS CURIAE* IN SUPPORT OF RESPONDENT

ELEANOR M. LACKMAN
Counsel of Record
SCOTT J. SHOLDER
NANCY E. WOLFF
COWAN DEBAETS ABRAHAMS & SHEPPARD LLP
41 Madison Avenue, 34th Floor
New York, New York 10010
(212) 974-7474
elackman@cdas.com

Counsel for Amicus Curiae

March 30, 2016

265117

COUNSEL PRESS
(800) 274-3321 • (800) 359-6859

TABLE OF CONTENTS

Page

TABLE OF CONTENTS i

TABLE OF AUTHORITIES iii

IDENTITY AND INTEREST OF THE *AMICUS CURAE* 1

SUMMARY OF THE ARGUMENT 3

ARGUMENT 5

I. COURTS SHOULD DULY CONSIDER EACH OF THE INTERRELATED *FOGERTY* FACTORS WITHOUT PLACING DISPOSITIVE WEIGHT ON ANY SINGLE FACTOR 5

A. Under the "Objective Unreasonableness" Factor, Courts Should Analyze Whether a Particular Legal Position Is One Where Reasonable Minds Could Differ. 7

1. Objectively Reasonable Cases: Fees Declined 9

2. Objectively Unreasonable Cases: Fees Granted 13

B. A Party's Motivation and Frivolousness of a Claim or Defense Both Serve to Illuminate a Party's Intentions 17

1. Motivation: Intent Gleaned through Conduct 18

2. Frivolousness: Baseless Claims and Bad Intent 20

C. Considerations of Deterrence and Compensation Will Help the Courts to Guide Potential Copyright Litigants Toward Fulfilling the Purposes of the Copyright Act 22

1. Deterrence: Drawing Clearer Lines to Guard against Unmeritorious Claims and Encourage Clarification of the Law 22

2. Compensation: Establishing Incentives Based on Practical Realities and Principles of Equity 24

III. THE APPELLATE COURTS SHOULD AFFORD SIGNIFICANT DEFERENCE TO THE DISTRICT COURTS' FACTUAL DETERMINATIONS CONCERNING ATTORNEY'S FEE AWARDS 27

CONCLUSION 31

TABLE OF AUTHORITIES

Page(s)

Cases

Agee v. Paramount Commc'ns, Inc.,
869 F. Supp. 209 (S.D.N.Y. 1994) 19

In re Aimster Copyright Litig.,
86 F. App'x 984 (7th Cir. 2004) 19

Alderman v. Pan Am World Airways,
169 F.3d 99 (2d Cir. 1999) 27

Assessment Techs. of WI, LLC v. WIREdata, Inc.,
361 F.3d 434 (7th Cir. 2004) 26, 27

In re Audiofidelity Enters., Inc.,
103 B.R. 544 (Bankr. D.N.J. 1989) 25

Beastie Boys v. Monster Energy Co.,
112 F. Supp. 3d 31 (S.D.N.Y. 2015) 24, 25

In re Bolar Pharm. Co., Inc., Sec. Litig.,
966 F.2d 731 (2d Cir. 1992) 28

BWP Media USA Inc. v. Rich Kids Clothing Co., LLC,
103 F. Supp. 3d 1242 (W.D. Wash. 2015) 19

Canal+ Image UK Ltd. v. *Lutvak*,
792 F. Supp. 2d 675 (S.D.N.Y. 2011) 17

Compaq Comput. Corp. v. Procom Tech., Inc.,
908 F. Supp. 1409 (S.D. Tex. 1995) 11

Consol. Sawmill Mach. Intern., Inc. v. Hi-Tech Eng'g, Inc.,
879 F Supp. 945 (E.D. Ark. 1995) 23

DeliverMed Holdings, LLC v. Schaltenbrand,
734 F.3d 616 (7th Cir. 2013) 14

Diamond Star Bldg. Corp. v. Freed,
30 F.3d 503 (4th Cir. 1994) 14, 15, 22, 23, 29

Fogerty v. Fantasy, Inc.,
510 U.S. 517 (1994) ..... *passim*

Gable v. Nat'l Broad. Co., Inc.,
438 Fed. App'x 587 (9th Cir. 2011) 15, 26

Goldberg v. Cameron,
No. 05-CV-03534 RMW, 2011 WL
3515899 (N.D. Cal. Aug. 11, 2011) 15

Great Am. Fun Corp. v. Hosung N.Y. Trading, Inc.,
42 U.S.P.Q.2d 1729, 1997 WL 129399
(S.D.N.Y 1997) 21

HarperCollins Publishers LLC v. Open Road Integrated Media, LLP,
58 F Supp. 3d 380 (S.D.N.Y 2014) 11

In re Indep. Serv. Orgs. Antitrust Litig.,
23 F Supp. 2d 1242 (D. Kan. 1998) 26

John Wiley & Sons, Inc. v. Kirtsaeng,
605 F App'x 48 (2d Cir. 2015) 8, 22

John Wiley & Sons, Inc. v. Kirtsaeng,
No. 08-CV-07834 (DCP), 2013 WL
6722887 (S.D.N.Y Dec. 20, 2013) ..... *passim*

Johnson v. Cypress Hill,
641 F.3d 867 (7th Cir. 2011).....21

Johnson v. Jones,
149 F.3d 494 (6th Cir. 1998).....29

Jovani Fashion, Ltd. v. Cinderella Divine, Inc.,
820 F Supp. 2d 569 (S.D.N.Y 2011).....18

Kinsey v. Jambow, Ltd.,
76 F Supp. 3d 708 (N.D. Ill. 2014).....25

Lieb v. Topstone Indus., Inc.,
788 F.2d 151 (3d Cir. 1986).....29

Lotus Dev. Corp. v. Borland Int'l, Inc.,
140 F.3d 70 (1st Cir. 1998).....*passim*

Maljack Prods., Inc. v. GoodTimes Home Video Corp.,
81 F.3d 881 (9th Cir. 1996).....13, 14

Matthew Bender & Co., Inc. v. West Pub. Co.,
240 F.3d 116 (2d Cir. 2001).....6, 10, 11, 21

Microsoft Corp. v. Black Cat Comput. Wholesale, Inc.,
269 F Supp. 2d 118 (W.D.N.Y 2002).....16, 17

Microsoft Corp. v. Logical Choice Computs., Inc.,
No. 99-CV-1300, 2001 WL 58950 (N.D. Ill. Jan. 22, 2001).....16

Miroglio S.P.A. v. Conway Stores, Inc.,
629 F Supp. 2d 307 (S.D.N.Y 2009).....16

Murray Hill Publ'ns, Inc. v. ABC Commc'ns, Inc.,
264 F.3d 622 (6th Cir. 2001) 12

Nafal v. Carter,
388 Fed. App'x 721 (9th Cir. 2010) 12, 13

Neitzke v. Williams,
490 U.S. 319 (1989) 21

Omega S.A. v. Costco Wholesale Corp.,
541 F.3d 982 (9th Cir. 2008) 8

eBay Inc. v. MercExchange, L.L.C.,
547 U.S. 388 (2006) 25

Ramirez v. Nichols,
496 F App'x 383 (5th Cir. 2012) 29

Reed Elsevier. Inc. v. Muchnick,
559 U.S. 154 (2010) 12

Religious Tech. Center v. Lerma,
908 F Supp. 1362 (E.D. Va. 1995) 19

Studio A Entm't, Inc. v. Action DVD,
658 F Supp. 2d 851 (N.D. Ohio 2009) 25

Tillman v. New Line Cinema,
374 Fed. App'x 664 (7th Cir. 2010) 15

Twentieth Century Music Corp. v. Aiken,
422 U.S. 151 (1975) 7, 18

Williams v. Crichton,
891 F Supp. 120 (S.D.N.Y 1994) 15

Statutes

17 U.S.C. § 109 8

17 U.S.C. § 412 29

17 U.S.C. § 505 ..... *passim*

Other Authorities

Copyright Protection for Certain Visual Works: Hearing Before the U.S. Copyright Office, Library of Congress, Docket No. 2015-1 (2015), http://copyrightalliance.org/sites/default/files/copyright_alliance_final_comments_re_visual_works.pdf 30

Jiarui Liu, *Copyright Injunctions After Ebay: An Empirical Study*, 16 Lewis & Clark L. Rev. 215 (2012) 26

BRIEF OF THE COPYRIGHT ALLIANCE AS *AMICUS CURIAE* IN SUPPORT OF THE RESPONDENT JOHN WILEY & SONS, INC.

The undersigned *amicus curiae* respectfully submits this brief in support of respondent John Wiley & Sons, Inc. to affirm the decision of the United States Court of Appeals for the Second Circuit denying petitioner Supap Kirtsaeng's motion for attorney's fees under the Copyright Act.[1]

IDENTITY AND INTEREST OF THE *AMICUS CURIAE*

The Copyright Alliance is a nonprofit, nonpartisan 501(c)(4) public interest and educational organization dedicated to promoting and protecting the ability of creators and innovators to earn a living from their creativity. It represents thousands of creators and innovators across the spectrum of copyright disciplines, including for example, writers, musical composers and recording artists, journalists, documentarians and filmmakers, graphic and visual

---

[1] Pursuant to Supreme Court Rule 37.6, *amicus curiae* states that no counsel for any party authored this brief in whole or in part, and no party or counsel for any party made a monetary contribution intended to fund the preparation or submission of this brief. Only *amicus curiae* made such a monetary contribution. Pursuant to Supreme Court Rule 37.3(a), blanket consents for the filing of *amicus curiae* briefs have been filed by both parties in this case.

artists, photographers, and software developers – and the small businesses that are affected by the unauthorized use of their works. The Copyright Alliance's membership encompasses these individual creators and innovators, creative union workers, and small businesses in the copyright industry, as well as the organizations and corporations that support and invest in them.

Consistent with its mission of advocating policies that promote and preserve the value of copyright, and protecting the rights of creators, the Copyright Alliance's participation as an *amicus* in this case is with the goal of helping this Court understand, from the perspective of content creators, how the lower federal courts should apply the factors enunciated in *Fogerty v. Fantasy, Inc.* when deciding whether to award attorney's fees to a prevailing party in a copyright litigation.

Copyright Alliance members are particularly focused on ensuring that those who bring objectively reasonable claims are not penalized if they do not prevail. From the members' perspective, this approach would further the goals of the Copyright Act, including establishing economic incentives to create and disseminate ideas and new works, and fostering the creation and spread of knowledge and learning.

SUMMARY OF THE ARGUMENT

For 22 years the U.S. district courts and courts of appeal have been steadily building a body of jurisprudence around the framework this Court established in *Fogerty v. Fantasy, Inc.* Throughout the years, the courts, while perhaps viewing the *Fogerty* case through various lenses, have pursued the common goal of encouraging legal claims and defenses that further the policies underlying the Copyright Act using the four factors set out in *Fogerty*. More than two decades after *Fogerty*, this Court is again called upon to clarify the standards governing 17 U.S.C. § 505, and the Copyright Alliance believes it should do so by distilling the wisdom of the lower federal courts with a focus on two main principles.

First, the *Fogerty* factors are simultaneously independent and interdependent. Each factor should be considered standing on its own and should receive due consideration from the courts, but each one also bears some relationship to the others, and this interrelationship should not be overlooked. Courts should see the forest for the trees when analyzing these factors; the *Fogerty* analysis is not a balancing test, but rather is a nuanced and fluid analysis of the objectives of the factors to ultimately determine whether the parties' claims and defenses,

motivations, conduct, and incentive structures serve the underlying goals of the Copyright Act.

Fogerty's myriad progeny sufficiently differentiate the types of claims and defenses that are objectively reasonable (in particular, difficult or novel legal issues) from those that are unreasonable or frivolous, as well as laudable motives from improper ones, and behaviors by litigants that deserve to be deterred from those that merit compensation. Each factor is important to the promotion of copyright policy, but no one factor alone should be dispositive of the analysis in a given case.

Second, the district courts are in the best position to scrutinize the *Fogerty* factors given that those courts will naturally have the most knowledge about the proceedings, the parties, the facts, and the evidence, as well as the parties' litigation tactics and conduct. Attorney's fee awards are subject to an abuse-of-discretion review for this very reason. While district courts' discretion is certainly not unlimited, and is even subject to certain statutory limitations under the Copyright Act, assuming the trial courts properly follow the roadmap outlined in *Fogerty*, the appellate courts should ensure that the district courts' factual findings are afforded sufficient deference.

The district court in this case thoroughly reviewed each *Fogerty* factor based on its firsthand knowledge of the case and familiarity with the parties, and came to a decision – one that was easily

affirmed by the Second Circuit – that cannot reasonably be deemed an abuse of discretion. Following the principles discussed herein, the courts below denied fees to the petitioner because to hold otherwise would have been out of step with the policies underlying the Copyright Act. Those decisions should be left undisturbed.

ARGUMENT

I. COURTS SHOULD DULY CONSIDER EACH OF THE INTERRELATED *FOGERTY* FACTORS WITHOUT PLACING DISPOSITIVE WEIGHT ON ANY SINGLE FACTOR

As the parties explain at length in their merits briefs, this Court, in *Fogerty v. Fantasy, Inc.*, 510 U.S. 517 (1994), set forth several non-exclusive factors that lower courts should balance and analyze when determining whether to award attorney's fees to a prevailing party in a copyright case under 17 U.S.C. § 505: "frivolousness, motivation, objective unreasonableness (both in the factual and in the legal components of the case) and the need in particular circumstances to advance considerations of compensation and deterrence." *Id.* at 534 n.19 (internal citation omitted).

Each factor is potentially important, but no one factor is dispositive and not all factors will

necessarily apply in a given case. *See generally Matthew Bender & Co., Inc. v. West Pub. Co.*, 240 F.3d 116 (2d Cir. 2001). Moreover, courts should not look at any one factor in a vacuum because many of the factors will inherently overlap and affect one another; for instance, the unreasonableness or frivolity of a party's claim or defense may reveal a party's motivation, and a party's motivation will affect whether a court needs to deter that party from future bad-faith conduct or whether equity compels compensation to the prevailing party. Taking into account this blurring of lines, courts in their discretion should look to each factor individually to glean how each factor applies in practice. The task is not a mechanical one, and depends on an expansive view of the case.

As an advocate for copyright creators who find themselves on both sides of the "v," the Copyright Alliance urges the Court to ensure that the lower federal courts engage in this holistic and fact-intensive analysis of all of the *Fogerty* factors as to claims for attorney's fees by both plaintiffs and defendants. Specifically, the Copyright Alliance contends that the courts should consider whether a claim or defense is one where reasonable minds could differ; whether a party was motivated by the advancement of copyright policy or by bad faith justifications that should be deterred; and whether equitable reasons exist that would justify compensating the prevailing party.

A. Under the "Objective Unreasonableness" Factor, Courts Should Analyze Whether a Particular Legal Position Is One Where Reasonable Minds Could Differ.

In determining whether a legal claim or defense is objectively unreasonable under the first *Fogerty* factor, courts should take into account whether that claim or defense raises novel theories or addresses particularly complex, difficult, or unsettled legal questions (especially matters of first impression). Because copyright law ultimately serves the purpose of enriching the general public through access to copyrighted works, *see Fogerty*, 510 U.S. at 524, *Twentieth Century Music Corp. v. Aiken*, 422 U.S. 151, 156 (1975), it is critical that "the boundaries of [the] law be demarcated as clearly as possible." *Fogerty*, 510 U.S. at 527 Litigating difficult legal issues to clear decisions accomplishes that goal. Plaintiffs and defendants alike should be encouraged to bring their claims before the courts without the fear of having to pay their adversaries' attorney's fees as a result of making colorable but ultimately unsuccessful arguments. *See id.* at 527 ("[D]efendants who seek to advance a variety of meritorious copyright defenses should be encouraged to litigate them to the same extent that plaintiffs are encouraged to litigate meritorious claims of infringement.").

Courts around the nation have analyzed the appropriateness of awarding attorney's fees under

§ 505 in the face of innumerable factual scenarios and legal quandaries. The spectrum is broad, but reviewing cases from the opposite sides of the continuum helps to bring into focus the types of legal issues that courts deem challenging, complex, or unclear enough such that even losing positions are seen as objectively reasonable – as contrasted with cases where a party took an obviously meritless position, oftentimes on much less hotly contested matters.

As is evident from the sampling of cases in subsection (1) below, Wiley's case against Kirtsaeng quite clearly falls into the category of cases where an unsuccessful party's position on a difficult legal issue was objectively reasonable. The legal debate concerning the § 109 first sale doctrine's applicability to goods created abroad was undisputedly complex and hard-fought; as the Second Circuit explained, Wiley "prevailed both in the district court and in its initial appeal, only to ultimately lose in a split decision" by this Court, and Kirtsaeng did "not seriously contest" that Wiley's position was objectively unreasonable. *John Wiley & Sons, Inc. v. Kirtsaeng*, 605 F App'x 48, 49 (2d Cir. 2015). In fact, the very issue central to this case was difficult enough to split this Court's vote 4-4 in *Omega S.A. v. Costco Wholesale Corp.*, 541 F.3d 982, 986 (9th Cir. 2008), *aff'd by an equally divided court*, 562 U.S. 40 (2010). Moreover, as the district court below recounted, the Second Circuit, Ninth Circuit,

and the Solicitor General (as *amicus*) "all agreed with Wiley's reading of the relevant ambiguous statutory language." *John Wiley & Sons, Inc. v. Kirtsaeng*, No. 08-CV-07834(DCP), 2013 WL 6722887, at *3 (S.D.N.Y. Dec. 20, 2013).

1. *Objectively Reasonable Cases: Fees Declined*

Copyright infringement cases arising in the context of undeveloped, divisive, and newly emerging areas of the law – as is the case here – tend to be ripe for a denial of attorney's fees. For both plaintiffs and defendants, courts should, and often do, look to encourage claims and defenses that bring the boundaries of copyright law into sharper relief, and many have determined that awarding attorney's fees in circumstances when the proponent of a novel claim or defense has lost would discourage future parties from making such innovative arguments.

Lotus Dev. Corp. v. Borland Int'l, Inc., 140 F.3d 70 (1st Cir. 1998), is an archetypal example of a case involving "objectively reasonable" legal positions raised in a divisive case that contributed toward setting the metes and bounds of copyright law There, the First Circuit affirmed the district court's denial of an attorney's fee award to a prevailing defendant because the "hard-fought litigation" had addressed "a novel and unsettled question of copyright law" regarding the copyrightability of software menu command hierarchies. *Id.* at 71. The

case resulted in "four separate district court opinions," a reversal by the First Circuit holding that the menu trees were uncopyrightable "methods of operation," and an affirmance by this Court as a result of a "deadlock[] on the merits" by equally divided Justices. *Id.* The court held that the parties had sought "to protect their own economic interests" by litigating this novel issue and therefore the "award of fees was not warranted" under *Fogerty*. *Id.*

Similarly, in *Matthew Bender & Co., Inc. v. West Publishing Co.*, 240 F.3d 116 (2d Cir. 2001), the Second Circuit vacated the district court's award of attorney's fees to the prevailing plaintiff because the issue of copyrightability of certain editorial enhancements and pagination added to otherwise public-domain case law reports had "provoked vigorous dissenting opinions agreeing with [defendant's] positions" and because other district and circuit courts had "ruled in [defendant's] favor on a substantially similar issue." *Id.* at 122. This diversity of opinions leading up to the clarification of a previously unclear question of copyright law was critical in determining that the defendant's arguments, while unsuccessful, were objectively reasonable and that such similarly creative claims should not be discouraged by an attorney's fee award.

Courts confronting the legal implications of new technologies often fall in step with cases like *Lotus*

and *Matthew Bender*, particularly given that copyright law sometimes lags behind the ever-burgeoning technology industries. For instance, in *HarperCollins Publishers LLC v. Open Road Integrated Media, LLP*, 58 F Supp. 3d 380 (S.D.N.Y. 2014), the district court declined to award attorney's fees to a publishing house against the publisher of an electronic version of the novel *Julie of the Wolves* because, while the publishing contract at issue clearly foreclosed the defendant's rights to publish electronic versions of the book, the defendant's argument to the contrary was not objectively unreasonable given that the "dispute arose in the context of" electronic publishing rights – "a developing, and still somewhat uncharted, area of copyright law." *Id.* at 390. *See also Compaq Comput. Corp. v. Procom Tech., Inc.*, 908 F Supp. 1409, 1429 (S.D. Tex. 1995) (denying prevailing plaintiff's fees motion against computer hardware manufacturer; defendant's copyright arguments were not objectively unreasonable because "[t]he relationship between copyright law and the computer industry is an ever evolving one and it was not unreasonable for [defendant] to believe that its actions may have been permissible."). This is not to say, of course, that the presence of new technology alone should justify denying an award of fees. Where a copyright violation is blatant and willful, such as in cases of online piracy and file sharing, the use of a previously unknown form of technology to

accomplish the piracy should not excuse the losing party from paying an award of fees; the technology, itself, in that case would be immaterial to the legal challenge.

Courts have reached consistent conclusions in the face of complex legal issues in more traditional copyright contexts as well, including in cases dealing with nuanced questions of legal standing. In *Murray Hill Publications, Inc. v. ABC Communications, Inc.*, 264 F.3d 622 (6th Cir. 2001), *abrogated on other grounds by Reed Elsevier, Inc. v. Muchnick*, 559 U.S. 154 (2010), the Sixth Circuit reversed an award of attorney's fees to the prevailing defendant because, at the time of the suit, the law regarding copyright registration as a prerequisite to filing suit "was unsettled" and the movie producer plaintiff's claims of infringement of its copyrighted song as used by the radio station defendant were "colorable, albeit meritless." *Id.* at 639-40.

As a result of the plaintiff's claims in *Murray Hill*, the court held, as a matter of first impression in the circuit, that a separate copyright registration of a derivative work – and not just the original underlying work – was a necessary prerequisite to suing for infringement of the derivative work. *See id.* at 632. Plaintiff had failed to register the derivative work in question and therefore its infringement claim failed, but its arguments were objectively reasonable because the law was previously unclear. *See also Nafal v. Carter*, 388

Fed. App'x 721 (9th Cir. 2010) (affirming district court's denial of fees to prevailing musician defendants because the case involved complex questions of copyright licensing, ownership, and legal standing by assignee of a song).

2. *Objectively Unreasonable Cases: Fees Granted*

The decisions discussed above contrast sharply with the following examples of cases on the other end of the spectrum, where an unsuccessful party's claim was obviously unreasonable and/or did not address a novel or legally complex facet of copyright law.

Courts have awarded fees to prevailing defendants in cases where a plaintiff maintains a position that is flatly contradicted by the factual record. The Ninth Circuit in *Maljack Prods., Inc. v. GoodTimes Home Video Corp.*, 81 F.3d 881 (9th Cir. 1996), affirmed the district court's grant of fees to a successful defendant accused of violating plaintiff's synchronization rights in music contained in a motion picture that the defendant had distributed on videotape. The court held that plaintiff did not own the claimed rights and therefore had no standing to sue for copyright infringement, noting that the plaintiff's copyright claims "were objectively unreasonable" and "presented no complex or novel questions of copyright law." *Id.* at 885. The court also awarded fees "incurred in defending the

copyright claims on appeal" because the plaintiff's claims were "completely contradicted by" the contract that governed the synchronization rights and were, "if not frivolous, at least factually unreasonable." *Id.* at 890. *Cf. DeliverMed Holdings, LLC v. Schaltenbrand*, 734 F.3d 616 (7th Cir. 2013) (affirming award of attorney's fees to the prevailing defendant when the plaintiff had lied in its copyright application).

Similarly, in *Diamond Star Bldg. Corp. v. Freed*, 30 F.3d 503, 506 (4th Cir. 1994), the court of appeals reversed the district court's denial of fees to a prevailing defendant where the plaintiff was put on notice of the defects in its highly unreasonable claim yet forged ahead anyway. Plaintiff had registered the copyright in an advertising brochure containing the design of a Victorian ranch-style house, and sued the defendant for using a similar design in its buildings. *See id.* at 505. Plaintiff persevered with its claim despite warnings from the defendant that the claim was spurious and sanctionable. The district court ultimately agreed; it characterized the matter as "a defamation of a copyright case"; "a piece of litigation that should never have been brought"; and "a case of absolute insignificance," yet it did not award fees. *Id.* at 506. The Fourth Circuit agreed that plaintiff's "infringement action was without merit for numerous reasons," and concluded that "when a party has pursued a patently frivolous position, the failure of a district court to award

attorney's fees and costs to the prevailing party will, except under the most unusual circumstances, constitute an abuse of discretion." *Id.*

Prevailing defendants also often win fees in actions where plaintiffs are seldom successful, such as "idea theft" cases, which are all too familiar to copyright owners in the entertainment world. For instance, in *Williams v. Crichton*, 891 F. Supp. 120 (S.D.N.Y. 1994), the court awarded the prevailing book publisher defendants attorney's fees because the plaintiff's claims were based on alleged copying of the uncopyrightable idea of a dinosaur zoo, and in *Tillman v. New Line Cinema*, 374 Fed. App'x 664 (7th Cir. 2010), the Seventh Circuit affirmed the grant of attorney's fees because the plaintiff had pursued a copyright infringement action for two years despite evidence that the producers' movie was written five years before the writer's screenplay. *See also Gable v. Nat'l Broad. Co., Inc.*, 438 Fed. App'x 587 (9th Cir. 2011) (affirming district court's award of attorney's fees to television producer defendants in lawsuit claiming that their show infringed plaintiff's screenplay where no proof of substantial similarity was offered); *Goldberg v. Cameron*, No. 05-CV-03534 RMW, 2011 WL 3515899, at *4 (N.D. Cal. Aug. 11, 2011) (awarding defendant attorney's fees where plaintiff, *inter alia*, "failed to produce any evidence, apart from his own speculative oral testimony, that [plaintiff] had any access to his script and soundtrack").

The results prove to be the same for prevailing plaintiffs in cases where defendants assert unsupportable defenses. For example, in *Miroglio S.P.A. v. Conway Stores, Inc.*, 629 F Supp. 2d 307 (S.D.N.Y 2009), the court awarded attorney's fees to the prevailing plaintiff home furnishings designer where the defendant wholesaler unreasonably contended that the curtains at issue were not substantially similar to the plaintiff's copyrighted curtain design when, in fact, the designs were nearly identical. *Id.* at 311.

Similarly, courts tend to award fees to prevailing plaintiffs where a defendant is clearly a bad actor. For instance, fee awards are often granted in counterfeiting cases, which tend to involve deliberate or willful copyright infringement – another component in the courts' determination that a copyright defense is objectively unreasonable. *Microsoft Corp. v. Logical Choice Computs., Inc.*, No. 99-CV-1300, 2001 WL 58950 (N.D. Ill. Jan. 22, 2001), is an apt example. There, the court awarded attorney's fees to the prevailing plaintiff when a computer retailer continued to deliberately and willfully acquire and distribute counterfeit software despite receiving the plaintiff's cease-and-desist letters notifying it that its suppliers were unauthorized and that its products were counterfeit. *See also Microsoft Corp. v. Black Cat Comput. Wholesale, Inc.*, 269 F. Supp. 2d 118, 124 (W.D.N.Y 2002) (awarding attorney's fees for defendants'

willful infringement of software copyrights by selling counterfeit products in the face of multiple cease-and-desist letters).

* * *

This case is far removed from those cases discussed in subsection (2) above; indeed, it is an exemplary scenario of a "close infringement case[]" where "copyright law benefits from the resulting clarification of the doctrine's boundaries," and where an award of fees is not warranted. *Lotus*, 140 F.3d at 75. *See Canal+ Image UK Ltd.* v. *Lutvak*, 792 F Supp. 2d 675, 683 (S.D.N.Y 2011) ("[A] court should not award attorneys' fees where the case is novel or close because such a litigation clarifies the boundaries of copyright law ") (internal citations and quotation marks omitted).

B. A Party's Motivation and the Frivolousness of a Claim or Defense Both Serve to Illuminate a Party's Intentions.

The motivation of a party for lodging a particular claim or defense is obviously a reliable barometer of whether a claim or defense was brought with the intention of furthering the policies of the Copyright Act or was lodged with some other, perhaps more unscrupulous, reason. Relatedly, courts can gain insights into a party's mindset when a claim or defense is clearly frivolous – a factor that often leads to an award of attorney's fees.

1. *Motivation: Intent Gleaned through Conduct*

When analyzing a party's motivation, courts should ask, based on the record and the conduct of the parties and their attorneys, whether a party brought a claim or defense for the purpose of furthering the policies underlying the Copyright Act – *i.e.*, securing a fair return for creative labor in order to stimulate artistic creativity for the public good, *Fogerty*, 510 U.S. at 524, *Aiken*, 422 U.S. at 156 – or to help clarify difficult questions of law in order to provide more certainty in an often uncertain area. *See Fogerty*, 510 U.S. at 527. *See also Jovani Fashion, Ltd. v. Cinderella Divine, Inc.*, 820 F. Supp. 2d 569 (S.D.N.Y 2011) (plaintiff's claim regarding copyright protection for design elements of clothing, although unsuccessful, were justified particularly because the matter "had divided the courts and proven difficult to apply" and had not been brought in bad faith or with improper motive). Good intentions on the part of the non-prevailing party tend to weigh against an award of attorney's fees.

Alternatively, courts should ask whether the record reflects some bad faith motive for the claim or defense that does not further the Copyright Act's policy objectives, or worse, evidences a party's intent to use the law as an instrument for abuse or harassment. Examples of bad faith motives include cases where a litigant uses a copyright lawsuit as a tool to maliciously run up an opponent's legal bills,

see, e.g., Agee v. Paramount Commc'ns, Inc., 869 F Supp. 209 (S.D.N.Y. 1994) (plaintiff's litigation strategy was to escalate defendant's costs); where a party seeks to stifle expression, *see, e.g., Religious Tech. Center v. Lerma*, 908 F Supp. 1362 (E.D. Va. 1995) (plaintiff's sole "reprehensible" motive for suing for copyright infringement of Church of Scientology documents was to stifle criticism of church's practices); and where a litigant engages in obstreperous litigation conduct to obstruct and delay the proceedings for purposes of harassment, *see, e.g., In re Aimster Copyright Litig.*, 86 F App'x 984, 985 (7th Cir. 2004) (defendant "engaged in vexatious litigation in several courts in an effort to avoid complying with the injunction, as well as skipping hearings in the district court and engaging in a variety of stall tactics"); *BWP Media USA Inc. v. Rich Kids Clothing Co., LLC*, 103 F Supp. 3d 1242 (W.D. Wash. 2015) (plaintiff failed to comply with pretrial disclosure and discovery obligations and engaged in other improper litigation tactics). Clearly bad intentions tend to weigh in favor of an award of attorney's fees to the prevailing party

Here, as the district court observed, Wiley's motivations for filing its copyright infringement case against Kirtsaeng in the first place were clearly laudable. *See Kirtsaeng*, 2013 WL 6722887, at *3. Specifically, the record reflected that Wiley reasonably sought to protect its textbook copyrights and to secure its interests against a defendant who

had been adjudged in contempt of a prior attachment order. *See id.* Wiley also helped to "clarif[y] the boundaries of copyright law" by taking the risk of filing its claim against Kirtsaeng when the question of the applicability of the first sale doctrine to foreign manufactured goods was already highly controversial and unpredictable. *See id.* at *5. Moreover, the record contained no evidence of any ulterior motive by Wiley in bringing its claim against Kirtsaeng or any inappropriate litigation tactics on Wiley's behalf. Even though some of Wiley's litigation strategies may have been seen as "aggressive," the district court held that they were not unreasonable or undertaken in bad faith. *See id.* ("Wiley's motions to attach Kirtsaeng's personal property could reasonably have been motivated by a desire to protect the value of a judgment against Kirtsaeng, based on Wiley's belief that Kirtsaeng was withdrawing funds from his bank accounts and transferring title to his property to avoid satisfying a judgment against him.").

2. *Frivolousness: Baseless Claims and Bad Intent*

Courts may be able to further assess an unsuccessful party's intentions and a prevailing party's entitlement to attorney's fees by asking whether a claim or defense was frivolous. A frivolous claim or defense is one that "lacks an arguable basis either in law or in fact" and is

inherently objectively unreasonable. *See Neitzke v. Williams*, 490 U.S. 319, 325 (1989).[2] If a losing party's position is unreasonable to the extent of frivolousness, this fact should hold more weight with courts to sway the balance towards an award of attorney's fees.

Johnson v. Cypress Hill, 641 F.3d 867 (7th Cir. 2011), is instructive. There, the court awarded the defendant music group's attorney's fees where the plaintiff songwriter maintained a copyright infringement claim for four years despite clear notice that the claim was frivolous given that sound recording was not eligible for copyright protection or otherwise covered by a compilation copyright. *See id.* at 873. *See also Great Am. Fun Corp. v. Hosung N.Y. Trading, Inc.*, 42 U.S.P.Q.2d 1729, 1997 WL 129399 (S.D.N.Y. 1997) (successful defendant awarded fees because plaintiff manufacturer knew it was not the owner of the copyright in the toy at issue and brought a copyright claim anyway).

Here, no evidence was presented to the courts below that Wiley's claim against Kirtsaeng was frivolous. In fact, Kirtsaeng did not even seriously contest that Wiley's claim was objectively

---

[2] "An objectively unreasonable argument is not necessarily frivolous or made in bad faith," *Matthew Bender*, 240 F.3d at 122, but of course, objectively reasonable arguments inherently will not be frivolous. *See Kirtsaeng*, 2013 WL 6722887, at *3 ("For the same reasons that Wiley's claim cannot be said to have been objectively unreasonable, it was clearly not frivolous.").

reasonable, let alone argue that the claim was frivolous. *See Kirtsaeng*, 605 F App'x at 49. Accordingly, the frivolousness inquiry here should not sway the balance away from a denial of fees.

C. Considerations of Deterrence and Compensation Will Help the Courts to Guide Potential Copyright Litigants Toward Fulfilling the Purposes of the Copyright Act.

The dual *Fogerty* factor of compensation and deterrence sets the stage for courts to engage in two important exercises: creating guideposts to inform parties of the types of claims and behaviors that will not be tolerated, and delineating scenarios where the circumstances or general equity will deem a prevailing party worthy of some form of recompense.

1. *Deterrence: Drawing Clearer Lines to Guard against Unmeritorious Claims and Encourage Clarification of the Law*

Courts should seek to deter against legal positions by both plaintiffs and defendants that do not further the policies underlying the Copyright Act. Specifically, objectively unreasonable positions, frivolous arguments, and claims and defenses brought with improper motivation all inherently fail to uphold the purpose and spirit of the Copyright Act and are worthy of being deterred. *See, e.g.*, *Diamond Star Bldg. Corp.*, 30 F.3d at 506 (noting that "the

goal of deterring a party from pursuing frivolous litigation is furthered by the imposition of attorney's fees and costs here"); *Consol. Sawmill Mach. Intern., Inc. v. Hi-Tech Eng'g, Inc.*, 879 F. Supp. 945 (E.D. Ark. 1995) (attorney's fee award to prevailing defendant was appropriate to deter plaintiff from suing solely to cripple defendant with litigation expenses).

To the contrary, "when the parties are litigating," in good faith, "a matter of some importance to the copyright laws, there is no need for deterrence." *Lotus*, 140 F.3d at 75 (internal quotation marks omitted). As discussed above, where little precedent exists, where reasonable minds could differ, or where legally cogent arguments are presented on each side, fee-shifting may be less appropriate. *See supra* Section I.A. By creating precedent differentiating laudable and desirable claims and defenses from objectionable and undesirable ones, courts can draw clearer lines in the sand such that parties will think twice before advancing unmeritorious claims and will simultaneously be encouraged to litigate challenging positions aimed at clarifying the law and seeking just remedies for claims with merit. As the courts continue to parse the facts and merits of each of these cases, they will inherently create guidelines for future litigants to better understand the risks associated with the prosecution and defense of various positions and the adoption of certain litigation strategies.

Here, there was no need to deter Wiley from bringing similarly complex and difficult copyright claims in the future or to otherwise make an example out of Wiley for seeking to enforce its copyrights through inappropriate motivations or pursuant to any dilatory tactics. *See Kirtsaeng*, 2013 WL 6722887, at *4 (holding that "Wiley did not engage in any conduct that equity suggests should be deterred in the future by the threat of a large fee award because "Wiley brought this action based on its belief that, given then-existing legal interpretations of the Copyright Act, Kirtsaeng was infringing on Wiley's rights").

2. *Compensation: Establishing Incentives Based on Practical Realities and Principles of Equity*

The need to parse the facts of each case applies equally to the second half of this two-part *Fogerty* factor – whether there is good reason to compensate the prevailing party for fees incurred. A generally important consideration for the courts – while not directly applicable here given that Wiley was not the prevailing party – appears to be the amount of damages at issue. Specifically, an award of fees may be appropriate when a prevailing plaintiff's damages are either minimal or are outweighed by the costs of litigation. *See e.g., Beastie Boys v. Monster Energy Co.*, 112 F Supp. 3d 31, 44-45 (S.D.N.Y. 2015) (attorney's fees to prevailing plaintiff appropriate

where fees incurred exceeded damages awarded; fee-shifting would "ensure the Beastie Boys a net positive recovery as to the copyright claims"); *Kinsey v. Jambow, Ltd.*, 76 F Supp. 3d 708 (N.D. Ill. 2014) (fee award appropriate where, despite defendant's willful infringement, statutory damages award was small); *Studio A Entm't, Inc. v. Action DVD*, 658 F Supp. 2d 851 (N.D. Ohio 2009) (attorney's fees awarded to prevailing plaintiff where litigation lasted more than four years for relatively small damages award).

Relatedly, courts should consider whether a prevailing party sought only an injunction as opposed to damages. In such cases courts should look more favorably upon fee awards because injunctions, while inherently non-monetary, are crucial tools in advancing the purposes of copyright protection. *See In re Audiofidelity Enters., Inc.*, 103 B.R. 544, 546 (Bankr. D.N.J. 1989) ("In analyzing the remedies and rights of the parties, it is important to note that an injunction is one of the primary methods of relief in copyright infringement enforcement.") (citing *Arnstein v. Porter*, 154 F.2d, 464 (2d Cir. 1946), *aff'd on rehearing*, 158 F.2d 795 (2d Cir. 1946)). At least one study has shown that courts grant preliminary injunctions in copyright cases 44.1% of the time post-*eBay Inc. v. MercExchange, L.L.C.*, 547 U.S. 388, 393-94 (2006), evidencing injunctive relief's central role in fully and fairly addressing copyright infringement and

furthering the goals of copyright protection. *See* Jiarui Liu, *Copyright Injunctions After Ebay: An Empirical Study*, 16 Lewis & Clark L. Rev. 215, 232 (2012).

More to the point in this case, attorney's fees also may be appropriate where a party has pursued a claim or defense contrary to its business interests that nonetheless advances copyright policies, *see, e.g.*, *Gable v. Nat'l Broad. Co., Inc.*, 438 Fed. App'x 587 (9th Cir. 2011) (fee award would encourage copyright owners to fight to protect their works where it would be otherwise uneconomical to do so), or was otherwise forced to pursue a claim or defense where equity compels compensation. *See, e.g.*, *In re Indep. Serv. Orgs. Antitrust Litig.*, 23 F Supp. 2d 1242 (D. Kan. 1998) (attorney's fee award to prevailing plaintiff would make copyright owner whole and dissuade defendant's disdain for copyright laws).

Here, Kirtsaeng did not require an incentive to put forth his defenses. Specifically, the district court held that "Kirtsaeng's need for compensation for his legal defense in this case is tempered by his victory" in that he could continue his lucrative "arbitrage business free of the fear of incurring copyright liability." *Kirtsaeng*, 2013 WL 6722887, at *4. This case, therefore, was not "one where continued litigation may have been uneconomical in the absence of the promise of a fee award." *Id. Contra Assessment Techs. of WI, LLC v. WIREdata, Inc.*, 361

F.3d 434, 437 (7th Cir. 2004) (noting that "an award of attorneys' fees may be necessary" for a defendant to be incentivized to press a defense because a defendant "could not obtain an award of damages from which to pay his lawyer no matter how costly it was for him to defend against the suit").

Additionally, equitable considerations did not require compensation here; such considerations were "not so strong as to outweigh the fact that Wiley's claim was not objectively unreasonable," *Kirtsaeng*, 2013 WL 6722887, at *4, nor as discussed above, was it brought pursuant to an improper motivation.

II. THE APPELLATE COURTS SHOULD AFFORD SIGNIFICANT DEFERENCE TO THE DISTRICT COURTS' FACTUAL DETERMINATIONS CONCERNING ATTORNEY'S FEE AWARDS

Attorney's fee awards have historically been reviewed on appeal under the abuse of discretion standard. *Alderman v. Pan Am World Airways*, 169 F.3d 99, 102 (2d Cir. 1999) (review of attorney's fee award "is highly deferential to the district court" and will be reversed on appeal only for an abuse of discretion). *See also Lotus*, 140 F.3d at 72 (courts of appeal will disturb a ruling under § 505 only if the trial court "indulged a serious lapse in judgment"). In *Fogerty*, this Court clarified that fees are to be awarded in the exercise of the district court's

discretion in light of the factors discussed above. *See Fogerty*, 510 U.S. at 534 (noting that "equitable discretion should be exercised" in making attorney's fee determinations in accordance with the factors). Within the confines of the *Fogerty* analysis, district courts are given a wide berth under § 505.

As a practical matter, deferring to the district courts with respect to factual matters over which the district courts have discretion – as articulated through the *Fogerty* factors – makes logical sense. The judges of the district courts will necessarily have the best view of the facts of the case and the clearest understanding of where the equities lie given those courts' firsthand knowledge of the facts, claims, evidence, procedural history, conduct of discovery, motion practice, and witness credibility. *See In re Bolar Pharm. Co., Inc., Sec. Litig.*, 966 F.2d 731, 732 (2d Cir. 1992) (per curiam) (the deferential "abuse of discretion" standard "recognizes that the district court, which is intimately familiar with the nuances of the case, is in a far better position to make certain decisions than is an appellate court, which must work from a cold record"). As this Court made clear in *Fogerty*, "courts are to evaluate cases on an individualized basis, with the primary responsibility resting on the shoulders of the district judge." *Lotus*, 140 F.3d at 75.

However, while district courts are afforded significant leeway, it bears mention that the courts' discretion is not without limits or exceptions. First,

district courts deserve deference with respect to their factual findings, but not as to purely legal questions. *See, e.g., Diamond Star Bldg. Corp.*, 30 F.3d at 506 (factual findings reversed only if "clearly erroneous" while legal precepts receive plenary review); *Lieb v. Topstone Indus., Inc.*, 788 F.2d 151, 154 (3d Cir. 1986) (same).

Second, pursuant to 17 U.S.C. § 412, district courts do not have discretion to award attorney's fees where a prevailing plaintiff did not register its work with the Copyright Office prior to the commencement of infringement or otherwise in a timely manner as specified in the Copyright Act. *See, e.g., Ramirez v. Nichols*, 496 F App'x 383, 386 (5th Cir. 2012) (a court's discretion under § 505, "is controlled by statutory limitations, including" § 412); *Johnson v. Jones*, 149 F.3d 494, 504-05 (6th Cir. 1998) ("Ordinarily, we review for an abuse of discretion a court's decision whether to award attorney's fees. Section 412(1), however, *leaves no room for discretion*, mandating that no attorney's fees or statutory damages be awarded so long as the infringement commenced before registration of the copyright.") (internal citations omitted, emphasis added). Thus, despite the fact that this Court charged the lower courts with treating plaintiffs and defendants in an evenhanded manner, *Fogerty*, 510 U.S. at 534 n.19, the statute does not.[3] Defendants

---

[3] That requirement has caused difficulties for the Alliance's smaller members, as the process has failed to adjust to the

in infringement actions, of course, do not face a similar hurdle or a similar restriction on a district court's discretion.

The district court has earned the deference to which it is entitled. The court was intimately involved with all aspects of the case and bore witness not only to the parties' claims, defenses, and arguments concerning the scope of the importation right, but also to the parties' conduct of the litigation, and issued a thorough, reasoned opinion based on the *Fogerty* factors that does not deserve to be disturbed.

---

demands of digital workflows. *See, e.g., Copyright Protection for Certain Visual Works: Hearing Before the Copyright Office, Library of Congress*, Docket No. 2015-1, at 7 (2015) (comments of the Copyright Alliance), http://copyrightalliance.org/sites/default/files/copyright_alliance_final_comments_re_visual_works.pdf.

CONCLUSION

Amicus respectfully requests that the Court affirm the ruling below and deny Kirtsaeng's motion for attorney's fees and costs pursuant to a holistic review of the *Fogerty* factors.

Respectfully submitted.

Eleanor M. Lackman
Counsel of Record
Scott J. Sholder
Nancy E. Wolff
COWAN DEBAETS ABRAHAMS & SHEPPARD LLP
41 Madison Avenue, 34th Floor
New York, New York 10010
(212) 974-7474
ELackman@cdas.com

Counsel for Amicus Curiae

March 30, 2016